

PRUDENTIAL AUTHORITY

Quarterly Industry Newsletter

March 2024



Co-operative banks and mutual banks

A co-operative bank is defined as an independent association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled organisation. A mutual bank is defined as a juristic person owned by its members or shareholders. They are entitled to participate in the exercise of control in a general meeting of that mutual bank.

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Co-operative banking institutions industry workshops



The Prudential Authority will convene its annual engagements with industry in the first quarter of 2024. The engagements will be held in-person with the insurance, banking, co-operatives and financial market infrastructures sectors.

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2023 Flavour-of-the-year topic: climate-related risk

In 2023, one of the flavour-of-the-year topics related to climate-related risks, which sought to determine the wide-ranging impact of climate change on the functioning of the economy and the financial system. In this regard, the Prudential Authority held discussions with the boards of directors of selected regulated institutions to understand their response to climate-related risks.

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2024 Flavour-of-the-year topic: strategic business growth and resilience of regulated financial institutions' business models in the current economic environment



There has been increasing uncertainty in the macroeconomic environment, as the probability of failure of certain regulated financial institutions has increased. This is in part attributable to the non-viability and unresponsiveness of business models, and weak strategies, inadequate capital and liquidity planning, underpinned by poor governance and risk management practices. Therefore, the Prudential Authority has determined that the 2024 flavour-of-the-year topic will be strategic business growth and resilience of regulated financial institutions' business models in the current economic environment.

[Banks](#) [Mutual Banks](#) [Insurers](#) [Co-operative Banks](#) [Financial Market Infrastructures](#)

Prudential Standard CODI 1 – Fund liquidity

Section 166BH of the Financial Sector Regulation Act 9 of 2017 requires that banks holding covered deposits must maintain funds in the liquidity tier of the Deposit Insurance Fund (DIF) as specified by the Corporation for Deposit Insurance (CODI) in a standard. On 8 March 2024, the Prudential Authority published Prudential Standard CODI 1: Fund liquidity (Fund Liquidity Standard) which outlines the requirements for banks' liquidity tier contributions. This standard is set to become effective on 1 April 2024. CODI will utilise banks' liquidity tier contributions and premiums to establish the DIF, to be operationally ready from 1 April 2024 to safeguard banks' qualifying depositors in the event of their bank failing.

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How the PA invests in the careers of the SARB graduates

Makgale Molepo joined the SARB's Graduate Development Programme in January 2009 and later joined the then Bank Supervision Department in January 2010, specialising in credit risk. According to Makgale, his journey at the SARB has been filled with valuable lessons, wonderful experiences and continuous growth in his professional career.



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Operational Risk, Information Technology Risk, Risk Data Aggregation and Risk Reporting and Foreign Representative Offices

The Prudential Authority's Operational Risk Division (responsible for regulating Operational Risk, Information Technology Risk including Cyber, Risk Data Aggregation and Risk Reporting (RDARR) and Foreign Representative Offices) has been involved in several activities. These include the issuance of regulatory instruments, proposed directives and guidelines, questionnaires, and RDARR engagements with internal and external stakeholders (e.g. prudential meetings, industry workshops).

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Update on the Umoja System Implementation Project

Phase 2 of the Umoja Project is advancing with notable progress, with a focus on submission management. Industry engagement sessions and dry runs have been instrumental in gathering feedback and shaping the project roadmap. Moving forward, monthly information sessions, technology specifications, training and operationalisation efforts will enhance industry involvement and readiness for submissions via the Umoja portal.

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Prudential Authority publications



Several instruments were published by the Prudential Authority in the period from January 2024 to March 2024.

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Congratulations!

WINNER

WINNER

Competition update:

Thank you to all who participated in the competition featured in the December 2023 issue. Congratulations to our two winners. Your prizes are on the way.

Please give us your feedback about the PA Quarterly Industry Newsletter:
PA-ProgrammeOffice@resbank.co.za

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